Stevenson Kellogg Ernst & Whinney

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Project Report

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Project Report

THE B.C. HOTEL
INDUSTRY STUDY
EXECUTIVE SUMMARY

Prepared for

The Province of British Columbia
and
British Columbia & Yukon Hotels' Association

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TABLE OF CONTENTS

		Page
INTRODUCTION		1
A.	Background to the study	1
B.	Scope	2
C.	Approach	3
HIGHLIGHTS		4
A.	Introduction	4
B.	Current and historic profile of the industry	4
C.	Market and competitive environment	5
D.	Financial health of the industry	5
E.	Impact of government policies	6
F.	Economic impact of the industry	8
G.	The future hotel industry in British Columbia	8
H.	Recommendations and conclusions	8
THE FUTURE HOTEL INDUSTRY IN BRITISH COLUMBIA		10
A.	Successful hotels in the future will address specific markets	10
B.	Owners and managers will be better educated in the future	11
C.	Newer hotels will be more efficient	11
D.	The hotel industry will have a better self-image	11
E.	Hotels will be less reliant on beverage sales	12
F.	Hotels of the future will provide more amenities and have a home-like atmosphere	12
G.	Economic balance must be achieved for success	12
H.	The government's role with the hotel industry will be influential but not participatory	12
I.	There will be more joint marketing with better organization	13
J.	The accommodation industry in the future will be represented by one association	13
K.	Hotel pubs and neighbourhood pubs will become similar entities in the future	13
SUMMARY OF RECOMMENDATIONS		14

INTRODUCTION

A. BACKGROUND TO THE STUDY

The Province of British Columbia and the hotel industry have joined together to undertake an assessment of the current health of the hotel industry in British Columbia. The government is concerned that the hotel industry develop and meet the needs of increased tourism in British Columbia. The hotel industry is concerned about the ongoing viability of its industry and how it should adapt to the changing markets. This study represents the first comprehensive review of the industry since 1957.

The purpose of this study is to perform an objective independent assessment of the hotel industry to help guide the formulation of policy in the future and provide direction for the industry. This study is to be a balanced assessment of the industry not biased toward the industry perspective or the government perspective but providing the data and assessments to help create a better industry. This review should promote a new dialogue between government and industry benefiting all hotels in British Columbia.

This study was conducted with consideration for the government's new mandate of regional development. Financial results of the hotels were analyzed based upon each one of the eight regions outlined in the province's development plan.

The hotel industry has undergone significant changes over the last decade. The hotel industry grew and developed during the 1970s and reached a new plateau prior to the recession. Since the recession years of the early 1980s, many hotels across British Columbia have gone into receivership and many have stopped capital infusions into their properties. The net result of this has been a loss of economic viability and a loss in quality of the product offered to the consumer.

In addition to the troubled areas, there have been many positive changes. There has been an increase in resort opportunities such as Whistler in the province. There has been significant investment in facilities and marketing to attract meeting and convention business. The province has contributed to the development of the Vancouver Trade & Convention Centre, Whistler Conference Centre, Penticton Convention Centre, and Victoria Convention Centre. The increased international awareness of Vancouver through Expo has significantly increased tourism and commercial business for that city. In recent years there has been a major influx of offshore investment to purchase and acquire hotels in British Columbia.

This study is intended to be a joint planning exercise between government and industry to create a stronger hotel industry for the future. The hotel industry is an important component in developing stronger tourism industry in British Columbia. For British Columbia to be competitive in North American and global tourism, it will need to be organized with respect to marketing services and product development at a level above our

competitors. This will require a level of cooperation between government and industry that has not existed in the past. This study represents a starting point for a major thrust of providing high-quality hotel facilities to support the growing demands of tourism and commercial activity in British Columbia.

B. SCOPE

For the purposes of this study, we selected 772 properties with 45,200 rooms as representative of the hotel industry in British Columbia. We did not include the 736 motels with 17,497 rooms as covered in the British Columbia Motel Industry Status Report of 1987. We also did not include hotels and accommodation units with under 15 rooms as the majority represent the bed and breakfast accommodation industry.

Mail questionnaires were sent to all 783 hotels on the British Columbia & Yukon Hotels' Association (B.C.Y.H.A.) listing of hotel properties. Due to the constraints of travel expense and time limitations, we did not travel to interview every hotel property in the province. We did, however, travel to all regions of the province and met with owners of 50 hotels to obtain their direct input.

Financial statements were obtained from 131 hotel properties across the province. These records are being kept in confidence and the aggregate results are shown in the attached report. In the majority of the cases, we relied upon unaudited financial data provided directly by the hotels. No effort has been made to authenticate or audit any of this financial data, but financial results were subjected to reasonableness checks.

We attempted to obtain past historical data over the last 10 years for the properties interviewed. We were unable to obtain quality historical financial information because of the tremendous turnover in hotel properties in the last five years. Over 75% of the hotels contacted had either changed ownership or been put into receivership within the last five years. The owners of these properties did not have historical financial data.

In conducting the product and market assessment, we did not conduct detailed independent market research on the status of the industry. We relied on existing market research information and the results of our interviews.

C. APPROACH

This study was conducted under the supervision of a steering committee composed of representatives from the government of British Columbia and representatives from the British Columbia & Yukon Hotels' Association. In addition, input was solicited from the Neighbourhood Pub Association, the Vancouver Hotel Association and various other interested parties. Documents reviewed for this study are detailed in the bibliography in Appendix E of the full report.

A summary description of the study's work steps is outlined in the full report. Output from the study was produced in several forms:

- The results of this study were presented at a day-long workshop on April 17, 1989. This workshop provided a forum for government and industry representatives to discuss the study's findings and conclusions and what its implications are for the future.

- Results of the data and interview analysis were compiled into a report prepared by Stevenson Kellogg Ernst & Whinney.

- The steering committee issued a brief representing their recommendations to the government.

This Executive Summary includes three chapters from the full report:

- Highlights - Chapter II

- The Future Hotel Industry in British Columbia - Chapter VIII

- Summary of Recommendations - Chapter IX.

We would like to thank all government representatives, the B.C.Y.H.A. and all participants in this study for the large effort required. This study represents a major step toward organizing a new and prosperous hotel industry for British Columbia.

HIGHLIGHTS

A. INTRODUCTION

This study represents a joint undertaking on behalf of the government of British Columbia and the hotel industry to assess the current health of the hotel industry in the province. This is an important opportunity for a new level of cooperation between government and the industry to cope with the changing demands of the accommodation industry in British Columbia.

B. CURRENT AND HISTORIC PROFILE OF THE INDUSTRY

A sample of 772 full-service hotels, modern hotels, resorts and lodges were selected as being representative of the bulk of the British Columbia hotel industry. The total estimated number of accommodation units in the province is approximately 2,400. Hotels represent the majority of the revenues of the accommodation industry because of their higher rates, occupancies and size of facilities as compared to other types of accommodation.

The supply of hotel rooms in British Columbia has grown significantly in the period 1978-88. The room supply in the Accommodation Directory increased from 24,100 rooms to 33,100 rooms over this period. This increase of 10,000 rooms represents approximately a 37% increase. Over the last several years, the current growth in hotel rooms has been centered around Vancouver and Whistler as a result of an increase in destination tourism, convention facilities and commercial demand responding to economic growth. Southwestern British Columbia, including Vancouver Island, contains the majority (or 67%) of British Columbia's hotel rooms. Greater Vancouver's 37% share of rooms dominates the province's market.

Since the 1970s, there has been a shift away from smaller hotels. A gradual rationalization in the industry is occurring as less profitable and less efficient hotels begin to exit from the marketplace.

British Columbia occupancies have recovered from the recession years. British Columbia is again realizing higher occupancies with an 1988 average estimated occupancy at 60% . Occupancies vary significantly by size and location of property. Occupancies for the 15-75-room category averaged 47% compared to the greater than 250-room at 71%.

Average daily room rates are now on the increase after the slow down during the recession years. There were few rate increases in the early 1980s, but now average rates are increasing at a rate higher than inflation. A higher rate of increase is necessary to help the industry's viability. The average rate for the 15-75-room category was $34 compared to the $100 rate achieved by the greater than 250-room properties.

C. MARKET AND COMPETITIVE ENVIRONMENT

The North American hotel industry is going through extensive change. Emphasis on the customer and product rationalization are at the forefront of these changes. Similar market focuses are now coming to bear on the British Columbia hotel industry. The industry is becoming more market driven and it is changing from a beverage to a rooms emphasis.

The British Columbia market is broader now. The key demand sectors are now:

Business/commercial	40%
Convention/meeting	13%
Tourism	37%
Tour	10%
	100%

British Columbia residents represent 50% of the total demand for hotel rooms. More importantly, they represent the majority of the off-season demand when occupancies are low and average rates decline. Great disparity exists between regions of the province. The greatest challenge for the British Columbia hotel industry is to increase off-season demand to help reduce seasonal variations in occupancy. Creative marketing programs aimed at British Columbia residents should assist in addressing seasonal variations.

Hotel development in British Columbia in recent years has been focused on resort properties, downtown chain hotels, and budget or economy chain hotels. These trends are expected to continue with the addition of all-suite specialty products in urban areas.

D. FINANCIAL HEALTH OF THE INDUSTRY

Occupancies, average rates and income results are improving for most hotels. 1988 produced one of the best years in the industry's history. There is, however, great disparity in the financial results of hotels, with many of the smaller hotels not being able to effectively tap into the new tourism and convention/meeting business. Many hotels are still dependent on beverage service for a majority of their income and this market is both shrinking and under severe competition from other outlets.

Despite the improvement in income results, the industry has great difficulty in generating adequate revenues to cover replacement and financing requirements.

To further assist the analysis of the industry, hotels were categorized into five sub-groups. Resorts, large downtown hotels and beverage properties show the best financial

performance. Exhibit II-1 compares the income before interest, land lease, depreciation and income taxes for the five property classifications.

EXHIBIT II-1
Income before interest, land lease, depreciation and income taxes by type of property as a percent of total revenue

A	B	C	D	E
Resorts	>250 Rooms	76-250 Rooms	15-75 Rooms	Non-Transient Beverage
21.2%	20.5%	16.6%	11.1%	22.6%

An analysis of the five size/type categories' average income results found that no category generates sufficient income to produce an acceptable return on current replacement investment. Consequently, hotel investors must either acquire their investment at lower than normal value, such as through receivership, or rely on real estate appreciation to produce an adequate return. These financial deficiencies have particularly hurt smaller hotels. As a result, the hotel inventory has not been properly renovated in recent years.

Hotels' marginal results have made it difficult to obtain sources of capital. Bankers are reluctant to lend to hotels especially in the outer areas of the province and the lack of financing has slowed down plans for renovations and improvement.

E. IMPACT OF GOVERNMENT POLICIES

Government policies, initiatives and regulations have greatly influenced hotel development and operations.

1. Liquor

The hotel industry in British Columbia is beverage-oriented because of the historical relationship between hotels, public drinking and government liquor policies. Large numbers of smaller hotels in British Columbia were built to meet the requirements for liquor licensing in hotel pubs. This has created a situation where a large portion of smaller hotels in the province are dependent upon income from beverage alcohol.

The market demand for licensed hotel seats has been steadily decreasing since the 1980s. Demographic changes, drinking and driving laws, lifestyle considerations and the price of alcohol have all contributed to a decrease in market share of the licensed hotels. The proliferation of licences for neighbourhood pubs and restaurants has further

compounded the decrease in market demand. In the future, this trend is expected to continue and further erosion of the demand for licensed hotel seats will probably occur.

Licensee Retail Stores (LRS) have become a significant factor in the distribution of packaged sales across British Columbia. LRS's now sell 25% of all packaged beer in British Columbia. These LRS operations for hotels are very profitable. The average income contribution of the LRS operations in hotels we studied averaged $200,000. The hotels would like greater access to LRS licences as less than 10% of the hotels at present have these facilities.

The 10% tax on alcohol has impacted beverage-oriented hotels in price-sensitive areas of the province. The 10% draught tax addition and the increase to 10% on other alcohol on April 1, 1988 generated a net increase of $89 million in tax revenue for the government. This tax is applied not only on the purchase cost of alcohol but also on the mark-up percentage applied by the hotels. Hotels would like to see a fairer form of taxation where the cost of alcohol is taxed on the equal basis between licensed outlets and liquor distribution outlets.

2. Other

Other government initiatives have helped develop the hotel industry. The new Victoria Conference Centre, the Vancouver Trade & Convention Centre, Expo and B.C. Place Stadium are only a few examples of where government support has generated demand for hotels. These activities, however, have only taken place in the "golden circle" and the areas outside have not yet benefitted in an extensive way.

Government taxation of the industry is significant. The government taxes the industry through property tax, business and similar licence fees, payroll, liquor, room and income taxes. Because of the industry's marginal financial results, income taxes are not that significant. Total taxes, however, average close to 12% of gross revenue.

The basic hotel tax is 8% or two percent above the standard provincial sales tax. There is no logical difference between the basic hotel tax and the 6% sales tax in British Columbia. The government should consider a reduction in the 8% basic hotel room tax to 6% to provide a fair basis of taxation and to help the industry's competitiveness.

Consideration should be given to encouraging the 2% room tax for local tourism marketing across all regions of the province. The additional tax should be distributed back to the major destination centres or to some form of regional tourism association, that is appropriate for the given area. The current 2% tax in place in Victoria, Vancouver and Whistler should be retained as implemented. In the outlying areas a municipal tax may be too small, and consequently, it may be more advantageous to fund a regional industry marketing association.

The national sales tax is of major concern to the hotel industry. Because hotels may have few inputs as tax credits to offset the final product tax, hotels will experience significant increases in the cost of services. Foreign visitors from the United

States and other destinations will see a steady increase in the cost of tourism in British Columbia and more importantly British Columbia residents will see American and foreign destinations as far more attractive. Full study of these potential taxes should be undertaken as soon as draft legislation is available.

F. ECONOMIC IMPACT OF THE INDUSTRY

The hotel industry has a large economic impact on the economy of British Columbia. Total revenues for the hotel industry have been estimated at $1.644 billion dollars for 1988. The total wages are estimated at $493 million for the total employment of 28,000 persons. The indirect and induced income effects are estimated at $2.76 billion based upon economic multipliers.

G. THE FUTURE HOTEL INDUSTRY IN BRITISH COLUMBIA

The industry is becoming more market driven. Hotels of the future will be more efficient and be targeted to specific markets. The increase in the number of all-suite hotels, resorts and urban hotels can be expected. The industry operators and employees will be better trained and more committed to the industry. Industry self-esteem will be higher and the public and government's recognition of its importance will be greater.

H. RECOMMENDATIONS AND CONCLUSIONS

Chapter VIII discusses a number of specific recommendations to be considered. They include several financially related actions to help the industry. In general these recommendations are based on the following conditions:

- Although the industry is growing and market and financial results are improving, the industry income results are marginal for even the more successful hotels. Income results are not adequate to produce a satisfactory return on replacement values.

- The industry is becoming more market focused, but many of the new market opportunities have not benefitted or materialized in the areas outside of Vancouver and Whistler. At the same time, the marketplace is becoming very competitive, and all areas need to increase their marketing efforts.

- Government has and will have a key role to play in assisting the industry. Government's role, however, is becoming more supportive and less participatory. Policies and regulations will decrease in importance, while marketing, training and demand generation assistance should increase.

- Government and industry communication should become more positive and responsive. Frequent dialogue on liquor policies and regulations, marketing direction, travel generator creation and taxation issues are required.

The future of the hotel industry in British Columbia looks promising but faces major challenges. Strong cooperation will be needed between industry and government to ensure the industry is competitive in the growing international tourism and business markets. A major emphasis needs to be placed on improving the health of the hotels in the outer areas of the province.

THE FUTURE HOTEL INDUSTRY IN BRITISH COLUMBIA

The hotel industry is in transition. In the past, the industry has been heavily influenced by or dependent upon government policy. Government policy or initiatives have encouraged or discouraged the creation of supply and government regulations substantially affect the style and nature of hotel operations.

The environment is now changing. The future industry will be more market driven, and government regulations and policy will play a lesser role in the stopping and building of the industry. This chapter summarizes a number of trends and changes that will be more pronounced in the future. A current profile of successful British Columbia hotels is included in Appendix D.

A. SUCCESSFUL HOTELS IN THE FUTURE WILL ADDRESS SPECIFIC MARKETS

The successful hotel of the future will offer specialized facilities oriented to selected target markets. In the future, the following general types of hotels will be represented:

- Downtown chain hotels -- As long as the province's city centres stay healthy, there will always be a place in the market for the large downtown chain hotels targeted to commercial, convention and tourism business.

- Large resorts -- Three to four-season resorts such as Whistler will grow and develop to address increasing international and destination tourism and meeting business.

- Specialty resorts -- Specialized resorts for seasonal activities will exist for special market niches and will tend to cater to the upper end of the marketplace.

- Budget hotels -- New budget-style properties will address the low end of the marketplace.

- Bed and breakfast and pensions -- These will continue to develop to address a growing segment of the market.

- Suburban hotels -- Suburban full-service hotels will address community needs and suburban markets.

- All-suite -- New specialized products such as all-suite properties will address growing urban needs.

A portion of the current facilities will disappear from the marketplace including beverage-oriented properties, seasonal resort properties at the low end of the marketplace and full-service community hotels. There will remain a need for community focal point hotels. However, in most communities there is a need for only one hotel instead of the many that currently exist. In the future there will be fewer hotels in the 20-50-room size range that are too large to be in the bed and breakfast category and too small to be economic.

B. OWNERS AND MANAGERS WILL BE BETTER EDUCATED IN THE FUTURE

In the past, owners and managers often fell into the hotel industry rather than as a result of a career planning. Currently, there are more students committed to tourism as a career and more educational programs available to pursue in the hospitality sector. Over time this will lead to a greater depth of experience in the hospitality sector. This will greatly assist the industry in helping with the challenges in the sophisticated markets of the future.

C. NEWER HOTELS WILL BE MORE EFFICIENT

Technology and sophisticated design techniques are creating efficient hotels. Energy management systems are reducing utility costs. Front desk and back office systems are reducing the effort required to prepare proper accounting records. Modern telephone systems, electronic lock systems and other technology are making hotels more efficient. Modern design concepts coordinated with labour scheduling are reducing costs. New hotel designs will be created by a sophisticated team of experienced hotel designers, architects, engineers and technology designers. These sophisticated designs will come through hotel chains and large hotel companies rather than small entrepreneurs as in the past.

D. THE HOTEL INDUSTRY WILL HAVE A BETTER SELF-IMAGE

The hotel industry of the future will consider commitment to a career in hotels as important. Improved efficiencies and heavy use of technology will create demanding hotel positions and improve wage scales.

Service to people will obtain a higher position in society similar to Europe as the hotel industry matures. Certification programs and education credentials will give increasing importance as the British Columbia hotel industry increases its sophistication. Industry participants will be more committed to the industry as a career and the general self-esteem of the industry will be higher.

E. HOTELS WILL BE LESS RELIANT ON BEVERAGE SALES

The hotel of the future will likely have a combined restaurant and lounge area and may not have a pub. Beverage patrons in the lounge will likely be hotel guests or restaurant patrons rather than persons just coming to consume alcoholic beverages. In the bars and lounges of the future there will be a shift to alternative beverages, i.e., low alcohol and new alcohol beverages, etc., will be more frequently consumed as lifestyle and other social changes become more entrenched. Bars and lounges in the future will provide a balanced eating and drinking environment rather than a pure drinking environment.

F. HOTELS OF THE FUTURE WILL PROVIDE MORE AMENITIES AND HAVE A HOME-LIKE ATMOSPHERE

There will be increasing amenities in hotel rooms such as hair dryers, remote controls for TVs and bathroom toiletries. Market studies in the United States are showing that hotel guests prefer a home-like atmosphere and demand amenities that currently exist in the home environment. The current strength of the all-suite market is demonstrating the desire for a more home-like atmosphere.

G. ECONOMIC BALANCE MUST BE ACHIEVED FOR SUCCESS

Hotels obtain longer term financial success when the demand and supply factors are in balance and hotel values are related to the cash flow ability of the property. Many external factors can upset the economic and supply/demand balance. The original TIDSA program encouraged the construction of hotels in areas of weak demand. The receiverships in the early 1980s created hotels with unusually low capital structures. Foreign investment at the present time is overheating the values of hotels far above income values. One-industry towns when they fail eliminate sources of demand. All of these factors upset a healthy environment for hotels.

Future government policies should recognize the need for a healthy operating and investment climate and in general will assist demand generation rather than emphasizing supply.

H. THE GOVERNMENT'S ROLE WITH THE HOTEL INDUSTRY WILL BE INFLUENTIAL BUT NOT PARTICIPATORY

The greatest contribution the government can make to the hotel industry is to effectively manage the general economy for all areas in the province to ensure a healthy

business and tourism demand. In addition, government can provide a key role by providing direct marketing support and organization of joint marketing efforts in regions.

Government can also assist by priming the pump of demand in creating tourism generators such as convention centres and other public attractions. Government, of course, has a key role to play in maintaining the quality of the physical environment of the province. The "Super Natural" quality of the province is a critical factor in attracting tourist, tour meeting and convention visitors to British Columbia.

Government can further assist by supporting industry training and education programs.

I. THERE WILL BE MORE JOINT MARKETING WITH BETTER ORGANIZATION

In the future, there will be stronger regional associations supported by the 2% tax that will organize all tourism products in the region to effectively market to outside destinations.

J. THE ACCOMMODATION INDUSTRY IN THE FUTURE WILL BE REPRESENTED BY ONE ASSOCIATION

The accommodation industry will be better served by one large association. This would allow better representation and liaison with government and society. Beverage hotels and neighbourhood pubs could be either a division of the larger association or form a separate association to represent their interests.

K. HOTEL PUBS AND NEIGHBOURHOOD PUBS WILL BECOME SIMILAR ENTITIES IN THE FUTURE

Pubs where the primary activity is to consume beverage alcohol and provide entertainment will be licensed and treated on an equal basis in the future. Common limits to the number of seat rules and reasons for construction will become the same in the future. Issuance of a pub licence should depend upon need factors, facility quality standards and other criteria as established by the Liquor Board with input from the industry.

The net effect of these changes will be to create a hotel industry based upon fulfilling the needs of the accommodation sector and a pub industry based upon fulfilling the needs of the consumer.

SUMMARY OF RECOMMENDATIONS

In this chapter we present recommendation and suggestions for action to be taken by both the industry and government. Some of these suggestions can be easily implemented and others must be carefully studied before any initiatives can be taken. We present the following for consideration:

- Both provincial and regional marketing programs need to direct promotion to encourage residents to travel within British Columbia during the winter and shoulder seasons. Activities to be promoted include cross-country skiing, snowmobiling, winter fishing and other winter sports and cultural activities. Major studies have analyzed these segments and information is readily available to implement programs.

  These programs are required to improve off-season demand to improve the financial viability of the hotels particularly in the less populated areas of the province.

- The government of British Columbia needs an effective product development strategy to create tourism and commercial demand in the outer areas of the province.

  Government initiatives can improve hotel demand by support for tourism generators and meeting facilities.

- There is a need for the industry to organize professional development for owners and managers of hotels to keep up-to-date with sophisticated hotel management, marketing and development trends.

  A better educated industry will assist the change from a beverage dependent industry to a room-based industry.

- A government loan guarantee program similar to the Seed Capital program should be considered for the tourism industry to encourage renovations and upgrading of current products. Hoteliers will bear the same responsibilities as under a normal private loan for repayment and provision of security.

  A loan guarantee program is needed to stimulate a source of capital for smaller hotels which are unable at present to obtain funding. A guarantee program reduces barriers for the lending institutions, but at the same time should not distort normal lending practises because operators will still need to justify and repay their loans.

- The hotel industry should make efforts to improve relations with the banking community.

The banking industry has not been interested in funding the hotel industry unless alternative security is available because of higher real and perceived risks. The hotel industry needs to communicate how the industry is becoming more market driven and viable

- Foreign investors should be encouraged to look at potential new resort developments to build some of the new products required in British Columbia as opposed to purchasing only the existing base.

  These investors will bring new ideas and capital for product development.

- The hotel industry of British Columbia should prepare briefs along with the hotel industry of Canada to be forwarded on to the federal government on the potential negative impacts of the national sales tax (goods and services tax).

  The impact of the national sales tax needs to be understood by both government and industry. At present, the tax is expected to substantially increase the tax burden on the service sector

- The facilities accompanying a hotel pub should be based on market needs. Pub licenses need to be evaluated on their own criteria.

  Currently the criteria for a pub license is based upon providing rooms, banquet space and restaurant seats. In a number of areas, excess other hotel facilities have been built where there is insufficient market for the facilities. The licensing requirements have led to a distortion in the construction of the accommodation supply in the province.

  The impact of removing these regulations would allow hotel operators to close or open facilities in unprofitable sections of their properties based on market demand. This allows hotels to match facilities to market needs and eliminates artificial supply created by regulatory policies.

- Consideration should be given to a consistent wholesale price on liquor by offering a 10% discount for all licensee purchases.

  This will eliminate a portion of the tax burden imposed by the 10% tax,thus providing a fairer taxation on liquor for all licensees.

- All conforming hotels should be eligible for LRS stores.

  This change will eliminate the unfairness in the current system and allow equity between the operators. LLCB should apply regular guidelines after consultation with the industry.

- Annual hearings need to be held on liquor policy between government and industry to encourage the development of consistent and effective liquor policies.

  This will improve the communication between industry and government and help eliminate problems with liquor policy.

- Consideration should be given to reducing the basic hotel tax from its present level of 8% to 6%.

  Reduction of this tax will eliminate the disparity between the basic hotel tax and the sales tax.

- The feasibility of applying the 2% marketing room tax on a province-wide basis should be considered. This additional tax on top of the basic 6% sales tax should be distributed to the appropriate industry-community based organizations. The current 2% tax in Vancouver, Victoria and Whistler would be left intact while other regions, groups of communities or potential destination centres would become the designated area for other parts of the province.

  This tax should only be used to assist the hospitality industry in marketing itself at the local and regional level. Tourism B.C. would remain the agent responsible for marketing the total province. Once a consensus can be built, valuable marketing (and in some cases development) dollars will be available for all regions of the province.

- The three accommodation associations should move toward into one association to increase their ability to represent the total accommodation industry. The beverage industry should be either dealt with as a sub-section of the accommodation association or should be separated into an association including hotels that are primarily in the business of dispensing beverage alcohol.

  A larger accommodation industry association should better represent the interests of the industry, government and society.

The future of this $1.6 billion industry in British Columbia looks promising. Cooperation will be required between the provincial government, industry representatives, regional tourism associations and all parties in the accommodation sector to meet the challenges of the future accommodation industry.